

**CITY OF SEATTLE
DRAFT NEEDS ASSESSMENT REPORT
EXECUTIVE SUMMARY**

INTRODUCTION

Seattle citizens receive cable television and broadband Internet services from two companies, Millennium Digital Media and Comcast. Under federal law, companies providing cable TV must obtain a franchise from local government and, in Seattle, Comcast is in the ninth year of a ten year franchise which expires on January 20, 2006.

Federal law spells out a process governments and cable operators must follow when conducting a franchise renewal. Comcast initiated the franchise renewal process by its letter to the City of February 12, 2003 requesting that the City begin renewal proceedings. On May 27, 2003, City Council adopted resolution 30602 officially commencing the renewal process.

As part of the renewal process, the City must conduct an “ascertainment” to determine, or ascertain, community needs and interests and assess the operator’s past performance. This ascertainment and other legal, technical, and financial reviews form the basis for the City’s position in negotiations with the cable company on the terms of its future franchise.

To ascertain the needs and interests of Seattle’s citizens and government, the City has been engaged in an on-going multi-pronged approach with an extensive public involvement process of meetings and citizen surveys. We have also consulted with City departments and other local governmental entities about their needs. The information gathering process will remain open until this draft report is finalized.

The City employed three different surveys to obtain public comment. The City engaged Applied Inference and Pacific Market Research to develop and conduct a random, statistically valid telephone survey of 1000 Seattle residents to ascertain people’s level of satisfaction with the current Comcast system and their needs and interests for the future (See Appendix A). In addition, the City developed an extended on-line cable survey, with responses received from over 800 people (Appendix B). Additionally, 51 people who had previously contacted the City for assistance with cable issues responded to a postcard advising them of a public comment meeting and asking five cable-related questions (Appendix C).

The City has also engaged in an extensive series of meetings (Appendix D) to ascertain needs and interests of user groups as well as the public at large. Co-hosted with the City Council and/or the Citizens Telecommunications and Technology Advisory Board, 20 meetings garnered a breadth and depth of comments from groups ranging from the University of Washington and Seattle Public Schools to the Mayor’s Youth Council and Seniors Training Seniors. In addition, the City Council Utilities and Technology

Committee televised a meeting with the Office of Cable Communications in which Council members expressed their initial needs and interests.

The City is undertaking a past performance review including a technical compliance review conducted by the Kramer.Firm, Inc. as well as a financial audit to be conducted by KFA Services. In addition, the Broadband and Telecommunications Task Force, charged by the Mayor and Council to explore and report on the feasibility of using municipal resources to expand the level and choices of broadband connectivity, will issue its findings in April, 2005. These reports will be incorporated into the final needs assessment report.

The City also conducted an assessment of needs that City departments anticipate. We consulted with other departments and found a need both for new programs and for continuation of existing programs. For example, the City's strong interest in continuing its strong community technology program indicates a need for retaining – and expanding -- the Comcast cable modem program for community technology programs. Similarly, the Office for Economic Development has indicted the strong connection between broadband infrastructure and our ability to attract and retain high technology firms and maintain a strong work force.

DETERMINING SEATTLE'S NEEDS AND INTERESTS

With respect to the franchise negotiations with Comcast, setting priorities to reflect longstanding Seattle values and needs and interests is important. Based on information we learned from the needs assessment, consultation with City departments, and technical, legal, and financial reviews, we expect to focus our efforts on four main areas of needs and interests:

- There is a need and interest in providing for and maintaining a state of the art cable system to meet current and future cable related needs and interests of the community;
- There is a need and interest in maintaining and enhancing community access to technology and using technology to expand civic engagement and public discourse;
- There is a need and interest in promoting the City's interests in the health, safety, and welfare of its citizens; and
- There is a need and interest in enhancing the lives of our citizens, particularly those most in need.

CITIZEN COMMENT ON NEEDS AND INTERESTS

In the many meetings and surveys, we heard a commonality of comments about what people saw as needs and interests for the future of cable in Seattle. The most frequently heard needs and interests include:

- Support for greater discounts for those least able to pay – low income seniors and the disabled - and applying those discounts to Internet as well as television;

- A state of the art system capable of delivering advanced services to Seattle and its citizens that foster economic development and community;
- Choice in programming and providers from both the public and private sectors: customers have indicated that they would like competitive choice both in their cable operator and in the programs they watch;
- Continued expansion and enhancement and interactive capacity for the SeattleChannel/Democracy Portal;
- Lower cost TV and Internet;
- Additional channel capacity to meet the demand for local programming of community interest;
- Diversity in cable operator work force to better reflect Seattle's population;
- Support for the public access TV channel;
- More channel space and bandwidth for public purposes.

WHAT WE DID NOT HEAR

When conducting community needs assessments, jurisdictions typically hear requests for several things: improved customer service, an in-town cable office, and an institutional network or I-net. Although we did hear from individuals about particular concerns they had with customer service or programming, on the whole, Seattle's cable viewers are not unhappy with either. We did not hear these concerns expressed in Seattle for a couple of reasons. Seattle's Cable Customer Bill of Rights (CCBOR), adopted in 1999, implemented a strong set of customer service standards and Seattle does seem to enjoy a relatively high level of customer service. The CCBOR also includes a requirement for in-town customer service offices. With one office in the north end and a new shared City/cable facility at 23rd and Jackson, tens of thousands of Seattle Comcast customers are able to pay bills, get immediate credit, return equipment, and make service changes in two locations in Seattle.

Unlike other jurisdictions an I-net was not a frequently heard concern. Seattle citizens enjoy a fairly extensive community network connecting schools, government, and community technology centers. In addition, unlike other jurisdictions, Seattle has a sufficient fiber network to meet the needs of City government to connect among its facilities.

WHERE DO WE GO FROM HERE?

Having heard from literally thousands of people, we know that there are many, many cable-related needs and interests in Seattle. Some, such as minimum customer service standards, are mandated by current City and federal law. Federal laws, however, also impose limits on what can be achieved through the franchise renewal. Although the City

will attempt in negotiations to obtain as many of these benefits as we can, federal law mandates that we consider reasonable cost to provide those benefits. Accordingly, the City is focusing on those needs and interests which are priorities and that can be achieved within reasonable cost.

Franchise negotiations between the City and Comcast began in March, 2005. We are targeting successful completion of negotiations and draft legislation to Council in the fall of 2005. At that time, the public will have another opportunity to comment on the proposed franchise before the new franchise is adopted in January, 2006. We urge the public to stay abreast of up to date franchise renewal news by going to our website at www.seattle.gov/cable and clicking on franchise renewal.